

Knowledge Gap and Transfer Issues in Financial Management

Contemporary Issues Paper

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## **Introduction**

A mission lacks of financial resource is a mission impossible. Marine Corps financial managers have the responsibility to manage their commanders' financial resource effectively to accomplish the mission. However, the constant personnel turnover and the lack of a knowledge management system in the Marine Corps financial management process are causing a knowledge gap and limiting knowledge transfer thereby negatively affecting the financial managers' ability to carryout their duty. Fortunately, the recent advent of information technology has made it possible for many organizations to retain and share valuable information among individual employees to improve performance and efficiency. The concept of retaining and sharing knowledge among members within an organization is known as knowledge management (KM).<sup>1</sup> With that being said, the Marine Corps should implement a KM system in the financial management process to correct the knowledge gap and facilitate knowledge transfer that is crucial to the financial managers' overall effectiveness.

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1 Franco Massimo & Mariano Stefania, A Qualitative Analysis: Information Technology Repositories and Knowledge Management Processes (The Journal of Information and Knowledge Management Systems 37, no. 4, 2007), 445.

## **Knowledge Gap and Transfer Issues**

Federal government financial managers have a fiduciary responsibility to the taxpayers and a legal liability to comply with federal laws in the execution of their financial management duties. Yet, the 2007 Federal Financial Management Report published by the Office of Management and Budget indicated that at least 25 percent of the nineteen major government agencies failed to pass a clean audit opinion.<sup>2</sup> In addition, a 2008 financial report delivered to the Congressional Defense Committees by the Government Accountability Office also suggested that overall, the "Department of Defense (DoD) does not have reasonable assurance that it has prevented, identified, investigated, and reported all potential Anti-Deficiency Act violations." The DoD, however, acknowledged that knowledge and training of personnel are two of the most critical factors in improving the department's financial health.<sup>3</sup> Most notably, a Financial Readiness Assessment from the Department of Defense Office of the Inspector General (DoDIG) in 2007 founds that Marine Corps Military Interdepartmental Purchase Request program

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2 U.S. Office of Management and Budget, 2007 Financial Report (Washington, DC: GPO, 2007), 5.

3 U.S. General Accountability Office, 2008 Financial Report (Washington, DC: GPO, 2008), 25.

(MIPR) violated public law and did not comply with applicable DoD and Marine Corps regulations.<sup>4</sup>

Marine Corps financial management officers (MOS 3404), like all other unrestricted officers, are required to perform various billets outside of their primary military occupational specialty (MOS) such as command and "B" billets, professional military schools, and other individual augmentations. Such requirements often enhance the officers' professional development, but also create a knowledge gap in their primary MOS, especially among company grade officers. For many financial management officers who took on secondary billets immediately after their first tour of duty then later returned to their primary MOS as deputy or principal staff officers, the knowledge gap can be overwhelming. Furthermore, knowledge loss due to retirement is another issue affecting the Marine Corps financial management community. Years of cumulative financial management expertise and experience gained during the retiring officers' careers are lost forever if not retained or transferred to the next generation.

Similarly, the constant changeover of positions resulting from permanent change of duty station (PCS) and temporary assignment of duty (TAD) also limits knowledge transfer from the outgoing to the incoming financial managers. It is common during a PCS turnover that incoming and outgoing personnel have

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<sup>4</sup> U.S. DoDIG, Marine Corps Assessment of the 2007 Financial Readiness (Washington DC, GPO, 2007), 8.

very little overlap-time to conduct a complete turnover. In many cases, the incoming officer does not arrive until after the outgoing officer has already departed. In fact, turnover tales such as "Welcome aboard, everything you need to know is in that binder" or "Shoot me an email if you have any questions, and by the way, good luck with the new assignment" are all too familiar. While the Marine Corps certainly can't attribute all of these deficiencies to the lack of a KM system, the Marines need a way of retaining and sharing valuable knowledge to improve performance and to avoid making similar mistakes.

### **Knowledge Management Solution**

Unlike information, which is raw or unprocessed data, knowledge is focused information or awareness or familiarity of facts, data, principles, rules, or regulations that brings meaning and value to a situation, event, or decision.<sup>5</sup> From this perspective, KM for the Marine Corps' financial management community is essentially the process of retaining and sharing knowledge via a knowledge-based information system among financial management professionals. In spite of the difference between a KM information system and a Microsoft SharePoint workspace, many financial managers still assume that the concept of KM falls under the Marine Corps' current Microsoft SharePoint

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5 U.S. Department of the Navy, MCWP 3-40.2 (Washington, DC: GPO, 2004), 1-4.

initiative. Contrarily, Microsoft SharePoint is merely web-based collaboration tool designed for users to share workspaces and store documents hence lacks the functionality needed to support a KM information system.<sup>6</sup>

Equally out of touch are studies which conclude that KM is just another management fad similar to Total Quality Management, Management by Objectives, or Business Process Reengineering that emerged but will eventually disappear. Indeed, a popular study, sponsored by the University of Sheffield, United Kingdom, even suggests that "KM idea is that it is in large part a management fad, promulgated mainly by certain consultancy companies and the probability is that it will fade away like previous fads."<sup>7</sup>

Although not all of these opposing viewpoints are baseless, the benefits of KM in the past decade remain too important to be ignored. One such example is a success story of from the Marine Corps Center for Lessons Learned (MCCLL), which implemented a KM system to share operational experiences among different units/commands in the Marine Corps. This system has been working so well that the Chairman of the Joint Chiefs of Staff has designated it as a "System of Record" for the Department of Defense.<sup>8</sup>

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6 Microsoft SharePoint Capabilities (Company Website, 2008).

7 Tom Wilson, The nonsense of knowledge management (Information Research 8, no. 1, 2002), 44.

8 Marine Corps Center for Lessons Learned website (Company Website, 2008).

## **Knowledge Management System Design**

System design is perhaps one of the most fundamental, but often neglected issues, which need to be addressed before the initial phase of system brainstorming. Similar to other computer-based software programs, KM systems are often designed with specific purposes in mind therefore should tie to the organization's objectives.<sup>9</sup> In other words, a KM system must include a retain-function to collect and store data (knowledge) and a share-function to collaborate and distribute data (knowledge) aiming at improving performance and efficiency. In fact, one of the first in-depth studies concerning the application of KM in organizations, found that regardless of size and functionality, almost all KM systems share a common structure that consists of three basic dimensions: Users, System Process, and System Structure.<sup>10</sup>

### Users Dimension

The users dimension consists of two common user-roles: creators/viewers and editors/administrators. In this context, the creators/viewers are the financial management managers with different backgrounds, experiences, and level of expertise who contribute to and share the knowledge from the KM system. On

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9 Gunter Dueck, Knowledge management: Birth of a discipline (IBM Systems Journal 40, no. 4, 2001), 887.

10 Thomas Jackson, Applying Autopsies to Knowledge Management in Organization (Journal of Knowledge Management 11, no. 3, 2007), 79.



the other hand, editors/administrators are responsible for refining, organizing, and assigning roles and system privileges to the users.

### System Process

System process is an inherent function of a KM system. Since KM systems work in a collaborative environment, the system process manages the flow of content (knowledge), which includes collecting, storing, organizing of data to enable sharing of content. Particularly, a system process enables recording the content input by the users, storing the content, and organizing the content based on type and function. For example: Commanders Emergency Relief Program funding (funding type) executed under III MEF organization (organizational function).

### System Structure

System structure involves software and hardware requirements. Choices of software include the use of over-the-counter software platforms or developing anew. For this reason, the cost and benefit factor would depend primarily on the size and functionality of system. As for hardware consideration, since almost all KM systems can run on web-based type platform, additional hardware requirements, other than a host-server, are not required.

## **Conclusion**

The concept of KM originated in the early 1990s. Since then, the advent of information technology and the availability of computing resources have made it feasible for many organizations to implement KM systems to improve performance and efficiency. In general, KM should not be viewed as a single source of solution to all business or management problems. However, implementation of a KM system in the Marine Corps financial management process can effectively bridge the knowledge gap and enhance knowledge among Marine Corps financial managers thereby improving financial management efficiency. After all, the availability of financial resource is limited and a mission that lacks of funding is a mission impossible.

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